

THE ROLE OF HOUSING-RELATED GOVERNMENT-SPONSORED ENTITIES IN THE U.S. ECONOMY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. LANGEVIN) is recognized for 5 minutes.

Mr. LANGEVIN. Mr. Speaker, today I rise in response to Federal Reserve Chairman Alan Greenspan's recent remarks about the role of housing-related government-sponsored entities, otherwise known as GSEs, and our economy.

A day before Chairman Greenspan's controversial testimony regarding Social Security, his comments on a different issue caught my attention. While testifying before the Senate Banking Committee on February 24, he mentioned that the two largest housing GSEs, Fannie Mae and Freddie Mac, have grown so large that they could threaten the foundation of the entire United States economy if risks are not properly managed. I know that Chairman Greenspan is normally reserved in discussing financial markets because he understands the power that his words hold with investors. Therefore, his assessment of the GSE situation alarmed me.

Greenspan's comments brought back painful memories of the 1990 Rhode Island banking crisis when fraud at the private deposit insurer resulted in the temporary closing of 45 financial institutions and the freezing of \$1.7 billion in customer deposits. Due to negligence and mismanagement, Rhode Islanders could not touch their assets for up to 36 days before the banks reopened, making it impossible for many families to pay their mortgages or rent, or to even buy food. The thought that more than a decade later, a similar crisis on a much broader scale could occur is cause for great concern.

Greenspan fears that many investors are under the false impression that GSEs are backed up by the full faith and credit of the United States. Well, because of this incorrect assumption, investors believe they can accept higher risks because the government will bail out GSEs if they are insolvent or default, as occurred in the 1980s. As Greenspan noted, GSEs now stand behind more than \$4 trillion of mortgages, and the government can ill afford such a bailout in the wake of a housing crisis or corporate mismanagement.

It appears as though the increased risks the GSEs have been taking on is not related to their primary operation of purchasing affordable housing loans in the secondary market. Rather, much of their risk comes from derivative investments in an effort to maximize profits for shareholders. Now, as we learned from Enron, complex derivative schemes may boost profits in the short term, but the long-run risks can be too difficult to manage.

Congress needs to approach this issue very seriously and take appropriate corrective steps before it is too late. It

is essential that we ensure that GSEs better manage risks without hampering their mission, which is to expand opportunities for home ownership and affordable rental housing. Among the options being discussed, we should be aware that if Fannie Mae and Freddie Mac are privatized or if debt caps limit the amount of mortgages that can be acquired, affordable housing is likely to be hurt the most because it is the least profitable part of the GSE business. Now, in addition, limited mortgage financing for home buyers could negatively affect the housing market by stunning growth.

In light of past financial problems and Greenspan's comments, I believe Congress should begin by considering oversight from an independent regulator with housing expertise. A strong regulator with a background in housing will ensure that home ownership opportunities continue to grow, while guarding against the potential of an Enron-like collapse that could devastate the United States' economy.

Mr. Speaker, I urge my colleagues in Congress to give this issue their immediate attention. We must act prudently and look at a range of options to ensure the solvency of Fannie Mae and Freddie Mac. We need to guarantee the mission of the GSEs is not compromised but, at the same time, ensure proper oversight and ethical behavior. Fannie Mae and Freddie Mac must continue to bring the American dream to as many people as possible while we strive to reduce the risk of fraud of a GSE derailing the United States economy.

Mr. Speaker, I look forward to working with my colleagues to address this important issue before it is too late.

ANNOUNCEMENT OF MEMBERS AVAILABLE TO SERVE ON INVESTIGATIVE SUBCOMMITTEES OF THE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT FOR THE 108TH CONGRESS

The SPEAKER pro tempore. Pursuant to clause 5(a)(4)(A) of rule X, and the order of the House of December 8, 2003, the Chair announces that the Speaker named the following Members of the House to be available to serve on investigative subcommittees of the Committee on Standards of Official Conduct for the 108th Congress:

Mr. DOOLITTLE, California;
Mr. SAM JOHNSON, Texas;
Mr. LINCOLN DIAZ-BALART, Florida;
Mr. ENGLISH, Pennsylvania;
Mr. SHADEGG, Arizona;
Mr. BRADY, Texas;
Mr. SIMPSON, Idaho;
Mr. TERRY, Nebraska;
Mr. KIRK, Illinois;
Mr. REHBERG, Montana.

COMMUNICATION FROM THE HON. NANCY PELOSI, DEMOCRATIC LEADER

The SPEAKER pro tempore laid before the House the following commu-

nication from the Honorable NANCY PELOSI, Democratic Leader:

U.S. HOUSE OF REPRESENTATIVES,
OFFICE OF THE DEMOCRATIC LEADER,
Washington, DC, March 18, 2004.

Hon. J. DENNIS HASTERT,
Speaker, U.S. House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Pursuant to clause 5(a)(4)(A) of rule X of the Rules of the House of Representatives I designate the following Members to be available for service on an investigative subcommittee of the Committee on Standards of Official Conduct:

Mr. Becerra of California; Mr. Cooper of Tennessee; Mr. Delahunt of Massachusetts; Mrs. McCarthy of New York; Mr. McIntyre of North Carolina; Mr. McNulty of New York; Mr. Schiff of California; Mr. Scott of Virginia; Mr. Stupak of Michigan; and Mrs. Tauscher of California.

Sincerely,

NANCY PELOSI,
Democratic Leader.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

ORDER OF BUSINESS

Mr. WILSON of South Carolina. Mr. Speaker, I ask unanimous consent to take my Special Order at this time.

The SPEAKER pro tempore (Mr. BRADLEY of New Hampshire). Is there objection to the request of the gentleman from South Carolina?

There was no objection.

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DEMOCRATIC LEADER SHOULD APOLOGIZE FOR INSULTING NATIONAL GUARD SERVICE

The SPEAKER pro tempore (Mr. BRADLEY of New Hampshire). Under a previous order of the House, the gentleman from South Carolina (Mr. WILSON) is recognized for 5 minutes.

Mr. WILSON of South Carolina. Mr. Speaker, I am profoundly disappointed in some of the rhetoric from Democrats in this election year debate. As we have all heard a few weeks ago, Terry McAullife, the chairman of the Democratic National Committee, said that President Bush had served in the National Guard but, quote, "never served in our military and our country," end of quote.

This is a double slander of the President and the National Guard. To imply that the National Guard is not a military service, Chairman McAullife dismisses the sacrifices of tens of thousands of National Guardsmen and women presently serving, and is a slap to the face of their service and their families.

As a retired National Guard member myself with 31 years service, with two sons in the Guard, one of whom was deployed to Iraq this week, America deserves an apology and the Democrats should find better leadership.

Terry McAuliffe's comments were wrong and they were offensive to me, my family, to the thousands of South Carolina National Guard members fighting in the war on terrorism today. Apparently Chairman McAuliffe is unaware of the distinguished history of the National Guard, which is America's oldest military service.

The South Carolina National Guard dates back over 300 years to 1670 when colonists united to defend their homeland against Spanish invasion. In fact, the valor of those early guardsmen has been enshrined in the South Carolina State flag when they defended the Carolina coast with a fort built of palmetto trees during the Revolutionary War.

Perhaps Mr. McAuliffe is simply unaware that guardsmen fought on the front lines of World War I, World War II, the Cold War, the war in Vietnam, the Korean War, the Gulf War, and now the war on terrorism. And on the morning of September 11, when we were not sure how many planes had been hijacked or how many sites had been targeted, the President ordered the Air National Guard to fly combat patrols over Washington, D.C. and New York.

Thank you to the Guard's 119th Fighter Wing whose F-16s defended the skies over Washington that morning and to the Air National Guard 102nd Fighter Wing whose F-15s rose to the defense of New York City. At a time of great peril and uncertainty they were America's first line of defense and we will never forget it.

Right now there are more than 193,000 National Guard members and reservists currently serving our country in the war on terror. They are steadfast servants to our country, who have given up their own civilian occupations and left their homes and families to ensure liberty for others. Some of these men and women are on the front lines who serve as the wedge between terrorism and freedom. They are serving our country.

I find Chairman McAuliffe's characterization insulting and demeaning. Terry McAuliffe disgraces himself and insults the National Guard by saying it is not military service. His baseless insinuation diminishes the National Guard as an institution, and he owes an apology to the guardsmen and -women in uniform serving our country and protecting their fellow Americans.

Chairman McAuliffe has a right to speak freely. But it is shameful that in one statement he dishonors some of America's bravest service members.

Chairman McAuliffe's comments represent the worst of election year politics. President Bush has been talking about the issues that matter to Americans: strong national defense, tax relief to promote job creation, and quality education for our children. Yet the Democratic leader has chosen to engage in personal partisan attacks and reckless comments that insult our men and women in uniform and the families supporting them.

It is a sad day for the Democratic Party whose leader publicly denounces, degrades, and dishonors a fighting force that at that moment is fighting for freedom and democracy and have devoted their lives to fighting terrorists around the world.

It is a time for truth. It is a time to raise the level of public debate in this country. It is a time for accountability. It is a time for honesty. It is past time for an apology, and it is time for the Democratic Party to find new leadership.

Mr. Speaker, as I conclude, I would like to offer, again, God bless our troops. We will never forget September 11.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. PALLONE) is recognized for 5 minutes.

(Mr. PALLONE addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

ORDER OF BUSINESS

Mr. FRANK of Massachusetts. Mr. Speaker, I ask unanimous consent to take my Special Order out of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE RAVAGES OF TERRORISM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. FRANK) is recognized for 5 minutes.

Mr. FRANK of Massachusetts. Mr. Speaker, it is once again the sad duty of a Member of the House, myself in this case, to talk about the ravages of terrorism and the damage it does. I was struck last week, as we all were, by the terrible depth of the tragedy in Spain when hundreds were killed by brutal thugs. But I must say I was also struck at the relative lack of attention to the deaths of 10 people in Israel who were also killed by terrorists.

Taking into account the very small size of Israel's population, the loss of 10 in that country is equivalent to hundreds in many other places, thousands in some others. The sad fact is that Israel has so frequently been the victim of brutal murderist terrorism, aimed wholly at people who are by no stretch of the imagination combatants, that the world has become a little numb to it. And that is a very sad fact.

Obviously victims of terrorism are, in the first instance, those who are killed, those who are maimed, those who love and care for them. And that is where our focus should be. But there is a second victim of terrorism and it makes this a self-perpetuating problem, and that is any serious effort to negotiate peace.

I have been one of those in this House who strongly supported the efforts of

former President Clinton and former Israel President Barak to reach peace. It was a terrible, terrible moment in Israel's history when Yitzhak Rabin, a great fighter for peace in the most literal sense of the word, was murdered, in this case by right-wing terrorists within Israel.

And I continue to believe that Israel should be seeking peace based on the two-state solution because, among other reasons, it is very much in Israel's interest. But those of us who hold that position must acknowledge that the continued pattern of terrorism, which the Palestinian authorities do little or nothing to oppose, makes the accomplishment of that goal extremely difficult.

I have been critical of some aspects of what the Israeli Government does. People say you cannot criticize another government. That, of course, is not true. People in this body spend most of our time criticizing other governments. It is perfectly legitimate to express points of view. Indeed, the more closely one feels allied to a nation, it seems to me the more your obligation is to speak out, if there are some differences, in a constructive and helpful way.

But those who are urging Israel to do more have to take due account of the steady, relentless pattern of terrorism of which it is the victim. Look what happened in Spain. Two hundred people were brutally murdered and a government fell, because they think it was an inappropriate reaction in terms of trying to blame people. But would anyone now be pressing the Spanish Government to enter into negotiations with al Qaeda which appears to be the author of this?

When the U.S. was the victim of thousands of murders and, given the population, Israel has seen a comparable number, if not more, murdered by terrorists, none of us here felt that the answer was to go further with negotiations.

I am not opposed to peace negotiations. I think it is very much in Israel's interest. I think the ability to get out of the settlements so that Israel can be a Jewish democratic state, setting an example for the world of how to achieve democratic values in the Middle East, that is very important. So I don't think the peace process ought to be abandoned. But I do believe it is important to take due note of what we are asking a democratic Nation to do: negotiate peace under difficult circumstances with an entity from which murderist terrorists come, and an entity which does too little to deal with it.

There have been some in the Palestinian Authority who want to show that they will make peace. But the role of Yassar Arafat has been so negative, so absent when it comes to any serious effort to preventing the terrorism, that it poisons the atmosphere.

So, Mr. Speaker, as we mourn the victims of terrorism in Spain, we